
State: District of Columbia **Filing Company:** United States Liability Insurance Company
TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess
Product Name: Commercial Umbrella
Project Name/Number: NP-MULTI-2019-19-CUP-R/NP-MULTI-2019-9

Filing at a Glance

Company: United States Liability Insurance Company
Product Name: Commercial Umbrella
State: District of Columbia
TOI: 17.0 Other Liability-Occ/Claims Made
Sub-TOI: 17.0020 Commercial Umbrella and Excess
Filing Type: Rate/Rule
Date Submitted: 02/14/2020
SERFF Tr Num: USLI-132253302
SERFF Status: Submitted to State
State Tr Num:
State Status:
Co Tr Num: NP-MULTI-2019-19-CUP-R

Effective Date: 03/23/2020
Requested (New):
Effective Date: 06/21/2020
Requested (Renewal):
Author(s): Clare Donnelly, Becky Brown, Stephanie Nemerofsky, Trish Carey
Reviewer(s):
Disposition Date:
Disposition Status:
Effective Date (New):
Effective Date (Renewal):

State: District of Columbia
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Filing Company: United States Liability Insurance Company

General Information

Project Name: NP-MULTI-2019-19-CUP-R

Project Number: NP-MULTI-2019-9

Reference Organization:

Reference Title:

Filing Status Changed: 02/14/2020

State Status Changed:

Created By: Trish Carey

Corresponding Filing Tracking Number: USLI-132253301

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Clare Donnelly

Filing Description:

We are filing to revise our Commercial Umbrella product.

Please refer to the actuarial memo and supporting documents for details of the rate and rule revisions.

Thank you.

Company and Contact

Filing Contact Information

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Filing Company Information

United States Liability Insurance
Company

1190 Devon Park Drive

PO Box 6700

Wayne, PA 19087-2191

(888) 523-5545 ext. 2037[Phone]

CoCode: 25895

Group Code: 31

Group Name: Berkshire Hathaway
Group

FEIN Number: 23-1383313

State of Domicile:

Pennsylvania

Company Type: Property &
Casualty

State ID Number:

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State:	District of Columbia	Filing Company:	United States Liability Insurance Company
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Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	-7.000%
Effective Date of Last Rate Revision:	02/09/2012
Filing Method of Last Filing:	Prior Approval
SERFF Tracking Number of Last Filing:	USLI-127808610

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
United States Liability Insurance Company	%	-5.400%	\$-1,783	28	\$33,037	0.000%	-29.000%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Rate & Rule Manual	All	Replacement	USLI-127808610	DC CUP 02-05-2020-final.pdf

**United States Liability Insurance Group
Commercial Umbrella
Rate and Rule Manual
District of Columbia**

I. General Rules

1. Term

2. Eligibility

A. Hazard Group

B. Line of Coverage

- General Liability
- Automobile Liability
- Employer's Liability
- Liquor Liability
- Professional Liability (Occurrence)
- Claims Made – Management and Professional Liability

II. Limits of Liability

1. Attachment Point

2. Maximum Limits

III. Rating

1. 1st Million Premium

A. General Liability

B. Automobile Liability

C. Employers Liability

D. Liquor Liability

E. Professional Liability (Occurrence basis)

F. Professional Liability (Claims-Made basis)

G. Terrorism

2. Increased Limits Factors

3. Short Term rules

IV. Minimum Premiums

V. Self-Insured Retention

VI. Rules Governing Authorized Agents

I. General Rules

1. Term

A. All policies will be quoted on an annual basis

B. Short term will be considered at applicant's request or in order to obtain concurrency

2. Eligibility

A. Hazard Group

- Commercial Liability Eligibility Index – Excess - assigns a Hazard Group to each class of either 0, 1, 2 or 3
- The Hazard Group will determine issues such as Maximum Limits, Rating Factor to be applied and Minimum Premiums.

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- The company has the ability to change the assignment of a risk within the Hazard groups.

B. Line of Coverage

a. General Liability

- Refer to the Commercial Liability Eligibility Index - Excess to determine acceptability. For rating and classification purposes only the classification that derives the largest amount of premium from the underlying should be used.
- The column marked **Eligibility** will display one of four categories indicating eligibility as follows:
 - ⇒ **"A" Acceptable:** Customers may quote these classifications on the web
 - ⇒ **"S" Submit:** These classifications may only be quoted by Home Office
 - ⇒ **"X" Ineligible:** These classifications cannot be considered
 - ⇒ **"PP" Premises Preferred** These classifications may only be quoted by Home Office.
 - ⇒ **"NPP" Non-Profit Premises Preferred**
 - ⇒ **"NP" Non-Profit (non-Businessowners)**
 - ⇒ **"NBP" Non-Profit Businessowners**
 - ⇒ *or other eligibility labels as may be later developed*
- All Eligibility Criteria should be followed

b. Automobile Liability

- Private Passenger Vehicles (PPTs)
- Light Trucks (GVW up to 10,000)
- Medium Trucks (GVW 10,001 to 20,000)

c. Employer's Liability

d. Liquor Liability

e. Professional Liability (Occurrence)

f. Claims Made - Management Professional Liability

II. Limits of Liability

1. Attachment Point

- A. Employers Liability - \$500,000 (- minimum primary limits are \$500/\$500/\$500)
- B. All Other Coverages - \$1,000,000

2. Maximum Limits

- A. \$5,000,000

III. Rating

1. 1st Million Premium

- All factors are applied to the actual or manual Underlying Premium or an estimated equivalent premium for the applicable attachment point

A. General Liability

Underlying Liability Limit	Hazard Group 0		Hazard Group 1		Hazard Group 2		Hazard Group 3	
	OL&T	M&C	OL&T	M&C	OL&T	M&C	OL&T	M&C

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\$1,000,000 / \$1,000,000	.13	.19	0.14	0.20	0.21	0.30	0.28	0.40
\$1,000,000 / \$2,000,000	.11	.16	0.12	0.17	0.18	0.25	0.24	0.33
\$1,000,000 / \$3,000,000	.09	.12	0.10	0.13	0.15	0.20	0.20	0.27
\$2,000,000 / \$2,000,000	.08	.11	0.09	0.12	0.13	0.18	0.17	0.24
\$2,000,000 / \$3,000,000	.07	.10	0.08	0.11	0.12	0.17	0.16	0.23
\$2,000,000 / \$4,000,000	.06	.09	0.07	0.10	0.11	0.16	0.15	0.21

B. Automobile Liability

Type	Secondary Factor	Percentage of UL	MP per unit
PPT	1.00	18%	\$50 to \$250
Light	1.00	18%	\$50 to \$250
Medium	1.25	20%	\$150 to \$500
Hired/Non-owned	1.00	15%	\$0 to \$150

- However the above rates shall not apply for the following risk characteristics:
 - More than 10 total units
 - Livery
 - Tow Trucks
 - Accounts with an incurred loss of more than \$250,000
- For attachment points other than \$1M CSL, apply the following Limit Factor:

\$1M/\$1M/\$100	1.25
\$1M/\$1M/\$1M	.90
\$1.5M CSL	.33

C. Employer's Liability

- If underlying coverage is scheduled, excess Employers Liability is included without charge

D. Liquor Liability

Primary Liquor Liability Limit	Retail/Wholesale Liquor Sales	Restaurants	Bars and Taverns
\$1,000,000 / \$1,000,000	0.25		0.28
\$1,000,000 / \$2,000,000	0.23		0.25
\$1,000,000 / \$3,000,000	0.21		0.23

E. Professional Liability - Occurrence

- Must be provided by the Underlying policy on an Occurrence basis

Limits of Liability	Factor
\$1,000,000 / Included	.20
\$1,000,000 / \$1,000,000	.15
\$1,000,000 / \$2,000,000	.13
\$2,000,000 / Included	.12
\$2,000,000 / \$2,000,000	.10

F. Professional and Management Liability Claims -Made

- Community Associations and Shared Limit Non Profit Management Liability

Directors & Officers/Employment Practices Liability	Factor
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Each Claim	
\$1,000,000	.16
\$2,000,000	.14
\$3,000,000	.12
\$4,000,000	.10
\$5,000,000	.08

➤ **Separate Limit Non Profit Management Liability**

Directors & Officers Limit	Employment Practices Liability Limit	Factor
\$1,000,000	If covered, up to \$1,000,000	.15
\$2,000,000	If covered, up to \$2,000,000	.12
\$3,000,000	If covered, up to \$3,000,000	.10
\$4,000,000	If covered, up to \$4,000,000	.08
\$5,000,000	If covered, up to \$5,000,000	.06
\$1,000,000	Not Covered	.13
\$2,000,000	Not Covered	.11
\$3,000,000	Not Covered	.09
\$4,000,000	Not Covered	.07
\$5,000,000	Not Covered	.05

Professional Claims-Made Errors & Omissions

\$1,000,000	.16
\$2,000,000	.14
\$3,000,000	.12
\$4,000,000	.10
\$5,000,000	.08

G. Terrorism

The higher of \$100 minimum premium or 10% of the annual policy period.

2. Increased Limits Factors

- A. For calculation of Increased Limits, apply the corresponding factor to the generated premium for the first layer
- B. The calculation should be made for each layer leading up to the requested limits and added together

➤ **Increased Limits Factors**

Layer	Factor
\$2,000,000	.30 to .50
\$3,000,000	.20 to .40
\$4,000,000	.15 to .30
\$5,000,000	.10 to .20

3. Short Term rules

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Commercial Umbrella
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District of Columbia**

- A. The final premium should be pro-rated subject to the following minimum premiums per million:

\$250

IV. Minimum Premiums per million dollar layer

Layer	Hazard Group 0	Hazard Group 1	Hazard Group 2	Hazard Group 3
Each \$1,000,000	\$355	\$500	\$500	\$1,000

V. Self-Insured Retention

- Our policy does not have a Self-Insured Retention

VI. Rules Governing Authorized Agents

1. Policy Fee

Our Authorized Agents will be able to charge a policy fee on each Commercial Umbrella policy not to exceed \$150.

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Supporting Document Schedules

Bypassed - Item:	Consulting Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Certification (P&C)
Comments:	
Attachment(s):	DC Actuarial Memorandum NP-MULTI-2019-19-CUP.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Comments:	
Attachment(s):	Expenses and InvInc through Yr End 2018 - OCC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	
Attachment(s):	DC Actuarial Memorandum NP-MULTI-2019-19-CUP.pdf Expenses and InvInc through Yr End 2018 - OCC.pdf DC CUP 02-05-2020 show changes.pdf
Item Status:	
Status Date:	

ACTUARIAL MEMO - COMMERCIAL UMBRELLA PRODUCT

STATE: DISTRICT OF COLUMBIA
COMPANY FILING ID: NP-MULTI-2019-19-CUP

We are filing to amend our current product, known as the Commercial Umbrella Product, for use in this state.

Actuarial Contact: Casey Novarina
Email: Casey.Novarina@usli.com
Phone: 888-523-5545 ext. 2740

We currently have three hazard groups which determine underwriting factors such as maximum limits, general liability rating, and minimum premiums. We are proposing to create an additional hazard group in order to charge lower rates and minimum premiums for those classes of business that have performed more profitably and which we view as having a lower exposure. The new hazard group will consist of Non-Profit classes that currently fall under hazard group 1; we are not introducing any new classes with this revision.

General Liability Rating - Hazard Group 0

Underlying Liability Limit	Current Rates		Proposed Rates	
	OL&T	M&C	OL&T	M&C
\$1M/\$1M	0.14	0.20	0.13	0.19
\$1M/\$2M	0.12	0.17	0.11	0.16
\$1M/\$3M	0.10	0.13	0.09	0.12
\$2M/\$2M	0.09	0.12	0.08	0.11
\$2M/\$3M	0.08	0.11	0.07	0.10
\$2M/\$4M	0.07	0.10	0.06	0.09

Minimum Premium per Layer - Hazard Group 0

We are decreasing the minimum premium per \$1,000,000 layer.

Layer	Current MP per Layer	Proposed MP per Layer
\$1,000,000	\$500	\$355

Impact (\$)	(\$1,783)
Impact (%)	-5.40%
# Policies Impacted	10

EDITORIAL REVISIONS

We are making a few editorial revisions to the manual to add clarification. These revisions do not result in any rate change or impact to existing policyholders.

OVERALL RATE IMPACT

Coverage	Written Premium	\$ Impact	% Change
Liability	\$33,037	(\$1,783)	-5.40%
Total	\$33,037	(\$1,783)	-5.40%

# Policyholders	28
subject to	0.00% Max -29.00% Min

**District of Columbia
United States Liability Insurance Company
Other Liability - Occurrence**

Calculation of Permissible Loss Ratio

<u>Expense Components</u>	<u>Selected Expenses</u>	
(1) Commissions	19.33%	
(2) Other Acquisitions	21.42%	
(3) General Expenses	0.19%	
(4) Taxes, Licenses, & Fees	3.19%	
(5) UW Profit and Contingencies*	5.00%	Selected
(6) Total Expenses [(1) + (2) + (3) + (4) + (5)]	49.13%	
(7) Permissible (Expected) Loss Ratio incl ULAE [1 - (6)]	50.87%	

*Calculated using Calendar Year ROE method and includes II offset.

**District of Columbia
United States Liability Insurance Company
Other Liability - Occurrence**

Dollars in (000's)

<u>Expense Provision</u>			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>			
(1)	Direct Written Premium		160,533	182,932	203,630	227,216	248,561	1,022,872			
(2)	Direct Earned Premium		147,986	173,226	194,103	215,666	238,546	969,527			
(3)	Other Acquisition Expense		32,396	38,929	43,849	48,656	52,975	216,805			
(4)	General Expense		285	315	372	417	464	1,853			
(5)	Commission and Brokerage Fees		31,397	35,748	39,357	43,266	48,747	198,515			
									<u>Average</u>	<u>3 Yr Avg</u>	<u>Selected</u>
(6)	Other Acquisition Expense	= (3)/(1)	20.18%	21.28%	21.53%	21.41%	21.31%	21.20%	21.42%	21.42%	
(7)	Commission and Brokerage Fees	= (5)/(1)	19.56%	19.54%	19.33%	19.04%	19.61%	19.41%	19.33%	19.33%	
(8)	Total Production Expense	= (6)+(7)	39.74%	40.82%	40.86%	40.46%	40.92%	40.60%	40.75%	40.75%	
(9)	General Expense	= (4)/(2)	0.19%	0.18%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	
(10)	Taxes, Licenses & Fees		3.30%	3.40%	3.20%	3.12%	3.26%	3.26%	3.19%	3.19%	

Source: Insurance Expense Exhibit, United States Liability Insurance Company, Direct of Reinsurance, Other Liability - Occurrence. Taxes, Licenses & Fees are for District of Columbia. Otherwise, data is on countrywide basis.

**UNITED STATES LIABILITY INSURANCE GROUP
CALCULATED ULAE
ALL LINES**

	(1)	(2)	(3)	(4) = (1) - (2) + (3)
CAL YR	ADJUSTING & OTHER EXP INCURRED (in 000s)*	ADJUSTING & OTHER EXP UNPAID (in 000s)*	PRIOR YEAR ADJUSTING & OTHER EXP UNPAID (in 000s)*	ADJUSTING & OTHER EXP PAID (in 000s)*
2016	\$35,291	\$94,134	\$89,723	\$30,880
2017	\$34,539	\$96,387	\$94,134	\$32,286
2018	\$5,830	\$66,758	\$96,387	\$35,459

	(1)	(2)	(3)	(4) = (1) - (2) + (3)
CAL YR	INCURRED LOSS (in 000s)*	UNPAID LOSS (in 000s)*	PRIOR YEAR UNPAID LOSS (in 000s)*	PAID LOSS (in 000s)*
2016	\$165,052	\$512,535	\$498,725	\$151,242
2017	\$175,251	\$525,022	\$512,535	\$162,764
2018	\$238,949	\$558,375	\$525,022	\$205,596

	(1)	(2)	(3)	(4) = (1) - (2) + (3)
CAL YR	INCURRED DCCE (in 000s)*	UNPAID DCCE (in 000s)*	PRIOR YEAR UNPAID DCCE (in 000s)*	PAID DCCE (in 000s)*
2016	\$53,232	\$133,903	\$133,872	\$53,201
2017	\$55,055	\$135,230	\$133,903	\$53,728
2018	\$47,546	\$128,555	\$135,230	\$54,221

	(1)	(2)	(3) = (1) / (2)
CAL YR	Paid ULAE (in 000s)**	PAID L+ALAE (in 000s)*	PAID ULAE AS % OF PAID L+ALAE
2016	\$20,204	\$215,119	9.39%
2017	\$21,107	\$227,671	9.27%
2018	\$29,177	\$266,099	10.96%
		3 Yr Average	9.88%
		Selected	9.90%

*FROM ANNUAL STATEMENT - DIRECT IEE

**FROM COMBINED ANNUAL STATEMENT - SCHEDULE P PART 1 - SUMMARY

CALCULATION OF INVESTMENT INCOME OFFSET

A.	Net 2018 Earned Premium (Total Other Liability - Occurrence)	112,046,694
B.	Unearned Premium Reserve subject to Investment	
1.	Mean Unearned Premium Reserve	56,800,892
2.	Deduction for Prepaid Expenses	
a.	Commission and Brokerage Expense	0.193
b.	Taxes, Licenses, and Fees	0.032
c.	50% of Other Acquisition and General Expense	<u>0.108</u>
d.	Total Prepaid Expense (A.2.a. + A.2.b. + A.2.c.)	0.333
e.	Deduction for Prepaid Expenses (A.1. x A.2.d)	18,929,564
3.	Deduction for Federal Income Tax Payable (0.042 x B.2.e.)	795,042
4.	Deduction for Delayed Remission of Premium (Agent's Balances)	
a.	Average Agents' Balances Percentage	0.213
b.	Delayed Remission of Premiums (A x C.1.)	23,921,211
5.	Net Unearned Premium Reserve subject to investment (B.1. - B.2.e. - B.3. - B.4.b.)	\$13,155,076
C.	Loss Reserves subject to Investment	
1.	Expected Incurred Loss and Loss Adjustment Expense Ratio	50.9%
2.	Average reserve to incurred ratio	2.681
3.	Expected Mean Loss and LAE Reserve (A x C.1. x C.2.)	77,466,865
D.	Net Subject to Investment [B.5. + C.3.]	90,621,941
E.	Average Rate of Return on invested assets	1.8%
F.	Expected Investment Earnings [D x E]	1,601,552
G.	Ratio of investment earnings to Earned Premium, equals Investment Income Offset [F / A]	<u>1.4%</u>

United States Liability Insurance Company

Explanatory Notes to Calculation of Investment Income Offset

Line B.1.

The mean unearned premium reserve is determined by multiplying the net earned premium in line A1 by the worldwide ratio of the mean unearned premium reserve to the net earned premium for 2018 for the applicable line of insurance.

1. Net 2018 Earned Premium	112,046,694
2. Unearned Premium Reserve as of 12/31/2017	54,256,051
3. Unearned Premium Reserve as of 12/31/2018	59,345,733
4. Mean Unearned Premium Reserve: $.5 \times [(2) + (3)]$	56,800,892

Line B.3.

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 21%, this tax equals 4.2% ($0.2 \times 0.21 = 0.042$) of the unearned premium reserve.

Line B.4.

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. Agent's balances of uncollected premiums amount to 0.213 of net earned premiums. This figure of 0.213 is based on the following:

1. Net Earned Premium for Calendar Year 2018	231,117,668
2. Net Agent's Balances as of 12/31/2017 (Net Admitted)	43,879,760
3. Net Agent's Balances as of 12/31/2018 (Net Admitted)	54,804,355
4. Ratio = Average[(2), (3)] / (1)	0.213

Line C.1.

The expected loss and loss adjustment expense ratio is determined below:

Complement of the Prepaid Expense Ratio (1.0 - item B.3.d.)	66.67%
Less Contingent Commissions	0.00%
Less 50% of General Expense and Other Acquisition Expense	10.81%
Less Profit & Contingencies Provision	5.00%
Expected Loss and Loss Adjustment Expense Ratio	50.87%

Line C.2.

The average reserve to incurred ratio is based on the following information (excluding unallocated loss adjustment expense) from the Annual Statement for Other Liability - Occurrence:

Net Figures shown for the following:	2016	2017	2018
1. Incurred Losses and ALAE (in 000s)	\$47,725	\$42,719	\$46,429
2. Current Unpaid Losses and ALAE (in 000s)	\$120,748	\$134,214	\$139,519
3. Prior Unpaid Losses and ALAE (in 000s)	\$97,983	\$120,748	\$134,214
4. Mean Loss and ALAE Reserves $\{ [(2)+(3)] / 2 \}$	\$109,366	\$127,481	\$136,867
5. Ratio (4) / (1)	2.292	2.984	2.948
6. Selected Reserve to Incurred Ratio	2.741		
7. Estimated Reserve Discount	10.4%		
8. Federal Taxes Payable (% of Reserve): (7) x 0.21	2.2%		
9. (6) x [1.000 - (8)]	2.681		

Calculation of Other Liability - Occurrence Reserve Discount

Data in (000's)

Year	(1) Net Losses Unpaid & Unpaid Expenses	(2) Reserve Discount Factor	(1) x (2)
Prior	805	0.96536	777
2009	261	0.94176	246
2010	611	0.92197	563
2011	714	0.91525	653
2012	2,086	0.90257	1,883
2013	2,571	0.90235	2,320
2014	7,463	0.90164	6,729
2015	13,410	0.90415	12,125
2016	25,049	0.90242	22,605
2017	40,815	0.89665	36,597
2018	<u>62,984</u>	<u>0.88784</u>	<u>55,920</u>
Total	156,769		140,417
	Average	0.89569	
	1.0 - Average	0.10431	

United States Liability Insurance Company and Affiliates

Effective Income Tax Rate

(1)	(2)	(3)	(4) = (2) - (3)	(5) = (4) / (2)
Calendar Year	Pre-Tax Net Income	After-Tax Net Income	Tax Withholdings	Effective Tax Rate
2014	\$54,646,321	\$36,030,602	\$18,615,719	34.1%
2015	\$61,876,314	\$42,032,480	\$19,843,834	32.1%
2016	\$64,783,487	\$43,340,581	\$21,442,906	33.1%
2017	\$221,827,147	\$201,752,530	\$20,074,617	9.0%
2018	\$56,842,160	\$43,912,725	\$12,929,435	22.7%
5 year Total	\$459,975,429	\$367,068,918	\$92,906,511	20.2%
Latest 3 Yrs Total	\$343,452,794	\$289,005,836	\$54,446,958	15.9%

Projected Effective Income Tax Rate **18.0%** TX

Note: Our Projected Effective Income Tax Rate selection takes into account changes to tax code.

Datasource:

(2) Line 18, Page 4 (Statement of Income) - Combined AS for USLIC, MVFIC, USU, MVSIC, and RSIC companies.

(3) Line 20, Page 4 (Statement of Income) - Combined AS for USLIC, MVFIC, USU, MVSIC, and RSIC companies.

Historic Investment Income Yields (Line E)

(1)	(2)	(3)	(4) = (1) / (2)
Calendar Year	Net Investment Income Earned	Cash and Invested Assets	Investment Income Yield
2014	\$25,381,450	\$1,049,003,752	2.4%
2015	\$16,666,590	\$1,048,192,916	1.6%
2016	\$16,680,926	\$1,149,741,366	1.5%
2017	\$19,257,421	\$1,373,606,557	1.4%
2018	\$25,430,596	\$1,231,184,184	2.1%
5 year Total	\$103,416,983	\$5,851,728,775	1.8%
Latest 3 Yrs Total	\$61,368,943	\$3,754,532,107	1.6%

Selected Investment Income Yield **1.8%** YS

Historic Return on Equity

(1)	(2)	(3)	(4)	(5) = (2) / (4)	(6) = (3) / (4)
Calendar Year	Pre-Tax Net Income	After-Tax Net Income	Surplus	Pre-Tax Return on Equity	After-Tax Return on Equity
2009	\$57,087,319	\$38,002,312	\$311,434,972	18.3%	12.2%
2010	\$36,254,854	\$17,800,176	\$357,403,579	10.1%	5.0%
2011	\$46,862,936	\$29,760,921	\$372,357,523	12.6%	8.0%
2012	\$49,682,077	\$30,928,006	\$441,120,679	11.3%	7.0%
2013	\$76,337,666	\$58,626,578	\$537,503,431	14.2%	10.9%
2014	\$54,646,321	\$36,030,602	\$582,957,909	9.4%	6.2%
2015	\$61,876,314	\$42,032,480	\$588,596,565	10.5%	7.1%
2016	\$64,783,487	\$43,340,581	\$647,262,011	10.0%	6.7%
2017	\$221,827,147	\$201,752,530	\$827,225,868	26.8%	24.4%
2018	\$56,842,160	\$43,912,725	\$722,279,981	7.9%	6.1%
10 Year Average				9.4%	9.4%
7 Year Average				9.8%	9.8%
5 Year Average				10.1%	10.1%

Selected ROE **8.0%** ROE

Datasource:

(2) Line 18, Page 4 (Statement of Income) - Combined AS for USLIC, MVFIC, USU, MVSIC, and RSIC companies.

(3) Line 20, Page 4 (Statement of Income) - Combined AS for USLIC, MVFIC, USU, MVSIC, and RSIC companies.

(4) Line 39, Page 4 (Statement of Income) - Combined AS for USLIC, MVFIC, USU, MVSIC, and RSIC companies.

Return on Equity Calculation

For the purposes of these requirements, we have calculated an expected after-tax return on equity as follows:

$$ROE = \{[(UW + II) * PS] + YS\} * (1.000 - TX)$$

Where:

ROE = Return on equity, after federal income taxes (see Historic Return on Equity above)

UW = Underwriting profit, as a percentage of premium

II = Investment income on policyholders funds, as a percentage of premium (See Investment Income Offset Exhibit)

PS = Premium to surplus ratio (See Premium to Surplus Exhibit)

YS = Current pre-tax yield on investable assets (See Historic Investment Income Yields above)

TX = Effective federal income tax rate (See Effective Income Tax Rate above)

Calculated Underwriting Profit Provision: **19.4%**Selected Underwriting Profit Provision: **5.0%**

implies an after-tax return on equity of

8.0%

implies an after-tax return on equity of

3.5%

United States Liability Insurance Company and Affiliates

Premium to Surplus Ratio

All Lines					
	(1)	(2)	(3)	(4)	(5) = (3) / [(1) + (2) + (4)]
Calendar Year	Mean Net Loss and LAE Reserve	Mean Net Unearned Premium Reserve	Mean Surplus	Net Earned Premium	Surplus Ratio
2014	\$301,413,067	\$133,060,492	\$560,230,670	\$237,336,763	83.4%
2015	\$316,259,089	\$143,513,049	\$585,777,237	\$260,459,790	81.3%
2016	\$323,227,518	\$151,101,705	\$617,929,288	\$277,410,809	82.2%
2017	\$330,571,265	\$160,553,497	\$737,243,940	\$296,233,049	93.6%
2018	\$337,039,450	\$172,151,697	\$774,752,925	\$317,497,701	93.7%
Other Liability - Occurrence					
	(6)	(7)	(8)	(9)	(10) = (5) x [(6)+(7)+(8)]
Calendar Year	Mean Net Loss and LAE Reserve	Mean Net Unearned Premium Reserve	Net Earned Premium	Net Written Premium	Allocated Surplus
2014	\$187,268,317	\$58,131,904	\$112,731,856	\$120,055,073	\$298,650,626
2015	\$205,497,153	\$64,166,307	\$125,721,068	\$130,466,657	\$321,573,158
2016	\$229,056,412	\$68,544,574	\$135,949,335	\$139,960,281	\$356,377,777
2017	\$243,506,122	\$73,375,567	\$145,310,776	\$150,961,815	\$432,774,767
2018	\$241,928,906	\$79,489,286	\$157,098,228	\$163,674,626	\$448,454,091
5 year Total					38.3%
Latest 3 Yrs Total					36.9%

Selected **38.3%** PS

Datasource:

- (1), (6) Underwriting and Investment Exhibit Part 2A; Page 10, Column 8 and 9 (average of current and prior year)
 (2), (7) Underwriting and Investment Exhibit Part 1A; Page 7, Column 5 (Average of current and prior year)
 (3) Statement of Income; Page 4, Column 1, Line 39 (Average of current and prior year)
 (4), (8) Underwriting and Investment Exhibit Part 1; Page 6, Column 4
 (9) Underwriting and Investment Exhibit Part 1; Page 6, Column 1

The information provided is from the Combined Annual Statement for USLIC, MVFIC, USUIC, MVSIC, and RSIC companies.

ACTUARIAL MEMO - COMMERCIAL UMBRELLA PRODUCT

STATE: DISTRICT OF COLUMBIA
COMPANY FILING ID: NP-MULTI-2019-19-CUP

We are filing to amend our current product, known as the Commercial Umbrella Product, for use in this state.

Actuarial Contact: Casey Novarina
Email: Casey.Novarina@usli.com
Phone: 888-523-5545 ext. 2740

We currently have three hazard groups which determine underwriting factors such as maximum limits, general liability rating, and minimum premiums. We are proposing to create an additional hazard group in order to charge lower rates and minimum premiums for those classes of business that have performed more profitably and which we view as having a lower exposure. The new hazard group will consist of Non-Profit classes that currently fall under hazard group 1; we are not introducing any new classes with this revision.

General Liability Rating - Hazard Group 0

Underlying Liability Limit	Current Rates		Proposed Rates	
	OL&T	M&C	OL&T	M&C
\$1M/\$1M	0.14	0.20	0.13	0.19
\$1M/\$2M	0.12	0.17	0.11	0.16
\$1M/\$3M	0.10	0.13	0.09	0.12
\$2M/\$2M	0.09	0.12	0.08	0.11
\$2M/\$3M	0.08	0.11	0.07	0.10
\$2M/\$4M	0.07	0.10	0.06	0.09

Minimum Premium per Layer - Hazard Group 0

We are decreasing the minimum premium per \$1,000,000 layer.

Layer	Current MP per Layer	Proposed MP per Layer
\$1,000,000	\$500	\$355

Impact (\$)	(\$1,783)
Impact (%)	-5.40%
# Policies Impacted	10

EDITORIAL REVISIONS

We are making a few editorial revisions to the manual to add clarification. These revisions do not result in any rate change or impact to existing policyholders.

OVERALL RATE IMPACT

Coverage	Written Premium	\$ Impact	% Change
Liability	\$33,037	(\$1,783)	-5.40%
Total	\$33,037	(\$1,783)	-5.40%

# Policyholders	28
subject to	0.00% Max -29.00% Min

**District of Columbia
United States Liability Insurance Company
Other Liability - Occurrence**

Calculation of Permissible Loss Ratio

<u>Expense Components</u>	<u>Selected Expenses</u>	
(1) Commissions	19.33%	
(2) Other Acquisitions	21.42%	
(3) General Expenses	0.19%	
(4) Taxes, Licenses, & Fees	3.19%	
(5) UW Profit and Contingencies*	5.00%	Selected
(6) Total Expenses [(1) + (2) + (3) + (4) + (5)]	49.13%	
(7) Permissible (Expected) Loss Ratio incl ULAE [1 - (6)]	50.87%	

*Calculated using Calendar Year ROE method and includes II offset.

**District of Columbia
United States Liability Insurance Company
Other Liability - Occurrence**

Dollars in (000's)

<u>Expense Provision</u>			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>			
(1)	Direct Written Premium		160,533	182,932	203,630	227,216	248,561	1,022,872			
(2)	Direct Earned Premium		147,986	173,226	194,103	215,666	238,546	969,527			
(3)	Other Acquisition Expense		32,396	38,929	43,849	48,656	52,975	216,805			
(4)	General Expense		285	315	372	417	464	1,853			
(5)	Commission and Brokerage Fees		31,397	35,748	39,357	43,266	48,747	198,515			
								<u>Average</u>	<u>3 Yr Avg</u>	<u>Selected</u>	
(6)	Other Acquisition Expense	= (3)/(1)	20.18%	21.28%	21.53%	21.41%	21.31%	21.20%	21.42%	21.42%	
(7)	Commission and Brokerage Fees	= (5)/(1)	19.56%	19.54%	19.33%	19.04%	19.61%	19.41%	19.33%	19.33%	
(8)	Total Production Expense	= (6)+(7)	39.74%	40.82%	40.86%	40.46%	40.92%	40.60%	40.75%	40.75%	
(9)	General Expense	= (4)/(2)	0.19%	0.18%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	
(10)	Taxes, Licenses & Fees		3.30%	3.40%	3.20%	3.12%	3.26%	3.26%	3.19%	3.19%	

Source: Insurance Expense Exhibit, United States Liability Insurance Company, Direct of Reinsurance, Other Liability - Occurrence. Taxes, Licenses & Fees are for District of Columbia. Otherwise, data is on countrywide basis.

**UNITED STATES LIABILITY INSURANCE GROUP
CALCULATED ULAE
ALL LINES**

	(1)	(2)	(3)	(4) = (1) - (2) + (3)
CAL YR	ADJUSTING & OTHER EXP INCURRED (in 000s)*	ADJUSTING & OTHER EXP UNPAID (in 000s)*	PRIOR YEAR ADJUSTING & OTHER EXP UNPAID (in 000s)*	ADJUSTING & OTHER EXP PAID (in 000s)*
2016	\$35,291	\$94,134	\$89,723	\$30,880
2017	\$34,539	\$96,387	\$94,134	\$32,286
2018	\$5,830	\$66,758	\$96,387	\$35,459

	(1)	(2)	(3)	(4) = (1) - (2) + (3)
CAL YR	INCURRED LOSS (in 000s)*	UNPAID LOSS (in 000s)*	PRIOR YEAR UNPAID LOSS (in 000s)*	PAID LOSS (in 000s)*
2016	\$165,052	\$512,535	\$498,725	\$151,242
2017	\$175,251	\$525,022	\$512,535	\$162,764
2018	\$238,949	\$558,375	\$525,022	\$205,596

	(1)	(2)	(3)	(4) = (1) - (2) + (3)
CAL YR	INCURRED DCCE (in 000s)*	UNPAID DCCE (in 000s)*	PRIOR YEAR UNPAID DCCE (in 000s)*	PAID DCCE (in 000s)*
2016	\$53,232	\$133,903	\$133,872	\$53,201
2017	\$55,055	\$135,230	\$133,903	\$53,728
2018	\$47,546	\$128,555	\$135,230	\$54,221

	(1)	(2)	(3) = (1) / (2)
CAL YR	Paid ULAE (in 000s)**	PAID L+ALAE (in 000s)*	PAID ULAE AS % OF PAID L+ALAE
2016	\$20,204	\$215,119	9.39%
2017	\$21,107	\$227,671	9.27%
2018	\$29,177	\$266,099	10.96%
		3 Yr Average	9.88%
		Selected	9.90%

*FROM ANNUAL STATEMENT - DIRECT IEE

**FROM COMBINED ANNUAL STATEMENT - SCHEDULE P PART 1 - SUMMARY

CALCULATION OF INVESTMENT INCOME OFFSET

A.	Net 2018 Earned Premium (Total Other Liability - Occurrence)	112,046,694
B.	Unearned Premium Reserve subject to Investment	
1.	Mean Unearned Premium Reserve	56,800,892
2.	Deduction for Prepaid Expenses	
a.	Commission and Brokerage Expense	0.193
b.	Taxes, Licenses, and Fees	0.032
c.	50% of Other Acquisition and General Expense	<u>0.108</u>
d.	Total Prepaid Expense (A.2.a. + A.2.b. + A.2.c.)	0.333
e.	Deduction for Prepaid Expenses (A.1. x A.2.d)	18,929,564
3.	Deduction for Federal Income Tax Payable (0.042 x B.2.e.)	795,042
4.	Deduction for Delayed Remission of Premium (Agent's Balances)	
a.	Average Agents' Balances Percentage	0.213
b.	Delayed Remission of Premiums (A x C.1.)	23,921,211
5.	Net Unearned Premium Reserve subject to investment (B.1. - B.2.e. - B.3. - B.4.b.)	\$13,155,076
C.	Loss Reserves subject to Investment	
1.	Expected Incurred Loss and Loss Adjustment Expense Ratio	50.9%
2.	Average reserve to incurred ratio	2.681
3.	Expected Mean Loss and LAE Reserve (A x C.1. x C.2.)	77,466,865
D.	Net Subject to Investment [B.5. + C.3.]	90,621,941
E.	Average Rate of Return on invested assets	1.8%
F.	Expected Investment Earnings [D x E]	1,601,552
G.	Ratio of investment earnings to Earned Premium, equals Investment Income Offset [F / A]	<u>1.4%</u>

United States Liability Insurance Company

Explanatory Notes to Calculation of Investment Income Offset

Line B.1.

The mean unearned premium reserve is determined by multiplying the net earned premium in line A1 by the worldwide ratio of the mean unearned premium reserve to the net earned premium for 2018 for the applicable line of insurance.

1. Net 2018 Earned Premium	112,046,694
2. Unearned Premium Reserve as of 12/31/2017	54,256,051
3. Unearned Premium Reserve as of 12/31/2018	59,345,733
4. Mean Unearned Premium Reserve: $.5 \times [(2) + (3)]$	56,800,892

Line B.3.

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 21%, this tax equals 4.2% ($0.2 \times 0.21 = 0.042$) of the unearned premium reserve.

Line B.4.

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. Agent's balances of uncollected premiums amount to 0.213 of net earned premiums. This figure of 0.213 is based on the following:

1. Net Earned Premium for Calendar Year 2018	231,117,668
2. Net Agent's Balances as of 12/31/2017 (Net Admitted)	43,879,760
3. Net Agent's Balances as of 12/31/2018 (Net Admitted)	54,804,355
4. Ratio = Average[(2), (3)] / (1)	0.213

Line C.1.

The expected loss and loss adjustment expense ratio is determined below:

Complement of the Prepaid Expense Ratio (1.0 - item B.3.d.)	66.67%
Less Contingent Commissions	0.00%
Less 50% of General Expense and Other Acquisition Expense	10.81%
Less Profit & Contingencies Provision	5.00%
Expected Loss and Loss Adjustment Expense Ratio	50.87%

Line C.2.

The average reserve to incurred ratio is based on the following information (excluding unallocated loss adjustment expense) from the Annual Statement for Other Liability - Occurrence:

Net Figures shown for the following:	2016	2017	2018
1. Incurred Losses and ALAE (in 000s)	\$47,725	\$42,719	\$46,429
2. Current Unpaid Losses and ALAE (in 000s)	\$120,748	\$134,214	\$139,519
3. Prior Unpaid Losses and ALAE (in 000s)	\$97,983	\$120,748	\$134,214
4. Mean Loss and ALAE Reserves $\{ [(2)+(3)] / 2 \}$	\$109,366	\$127,481	\$136,867
5. Ratio (4) / (1)	2.292	2.984	2.948
6. Selected Reserve to Incurred Ratio	2.741		
7. Estimated Reserve Discount	10.4%		
8. Federal Taxes Payable (% of Reserve): (7) x 0.21	2.2%		
9. (6) x [1.000 - (8)]	2.681		

Calculation of Other Liability - Occurrence Reserve Discount

Data in (000's)

Year	(1) Net Losses Unpaid & Unpaid Expenses	(2) Reserve Discount Factor	(1) x (2)
Prior	805	0.96536	777
2009	261	0.94176	246
2010	611	0.92197	563
2011	714	0.91525	653
2012	2,086	0.90257	1,883
2013	2,571	0.90235	2,320
2014	7,463	0.90164	6,729
2015	13,410	0.90415	12,125
2016	25,049	0.90242	22,605
2017	40,815	0.89665	36,597
2018	<u>62,984</u>	<u>0.88784</u>	<u>55,920</u>
Total	156,769		140,417
	Average	0.89569	
	1.0 - Average	0.10431	

United States Liability Insurance Company and Affiliates

Effective Income Tax Rate

(1)	(2)	(3)	(4) = (2) - (3)	(5) = (4) / (2)
Calendar Year	Pre-Tax Net Income	After-Tax Net Income	Tax Withholdings	Effective Tax Rate
2014	\$54,646,321	\$36,030,602	\$18,615,719	34.1%
2015	\$61,876,314	\$42,032,480	\$19,843,834	32.1%
2016	\$64,783,487	\$43,340,581	\$21,442,906	33.1%
2017	\$221,827,147	\$201,752,530	\$20,074,617	9.0%
2018	\$56,842,160	\$43,912,725	\$12,929,435	22.7%
5 year Total	\$459,975,429	\$367,068,918	\$92,906,511	20.2%
Latest 3 Yrs Total	\$343,452,794	\$289,005,836	\$54,446,958	15.9%

Projected Effective Income Tax Rate **18.0%** TX

Note: Our Projected Effective Income Tax Rate selection takes into account changes to tax code.

Datasource:

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Historic Investment Income Yields (Line E)

(1)	(2)	(3)	(4) = (1) / (2)
Calendar Year	Net Investment Income Earned	Cash and Invested Assets	Investment Income Yield
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2015	\$16,666,590	\$1,048,192,916	1.6%
2016	\$16,680,926	\$1,149,741,366	1.5%
2017	\$19,257,421	\$1,373,606,557	1.4%
2018	\$25,430,596	\$1,231,184,184	2.1%
5 year Total	\$103,416,983	\$5,851,728,775	1.8%
Latest 3 Yrs Total	\$61,368,943	\$3,754,532,107	1.6%

Selected Investment Income Yield **1.8%** YS

Historic Return on Equity

(1)	(2)	(3)	(4)	(5) = (2) / (4)	(6) = (3) / (4)
Calendar Year	Pre-Tax Net Income	After-Tax Net Income	Surplus	Pre-Tax Return on Equity	After-Tax Return on Equity
2009	\$57,087,319	\$38,002,312	\$311,434,972	18.3%	12.2%
2010	\$36,254,854	\$17,800,176	\$357,403,579	10.1%	5.0%
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2018	\$56,842,160	\$43,912,725	\$722,279,981	7.9%	6.1%
10 Year Average				9.4%	9.4%
7 Year Average				9.8%	9.8%
5 Year Average				10.1%	10.1%

Selected ROE **8.0%** ROE

Datasource:

(2) Line 18, Page 4 (Statement of Income) - Combined AS for USLIC, MVFIC, USU, MVSIC, and RSIC companies.

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Return on Equity Calculation

For the purposes of these requirements, we have calculated an expected after-tax return on equity as follows:

$$ROE = \{[(UW + II) * PS] + YS\} * (1.000 - TX)$$

Where:

ROE = Return on equity, after federal income taxes (see Historic Return on Equity above)

UW = Underwriting profit, as a percentage of premium

II = Investment income on policyholders funds, as a percentage of premium (See Investment Income Offset Exhibit)

PS = Premium to surplus ratio (See Premium to Surplus Exhibit)

YS = Current pre-tax yield on investable assets (See Historic Investment Income Yields above)

TX = Effective federal income tax rate (See Effective Income Tax Rate above)

Calculated Underwriting Profit Provision: **19.4%**Selected Underwriting Profit Provision: **5.0%**

implies an after-tax return on equity of

8.0%

implies an after-tax return on equity of

3.5%

United States Liability Insurance Company and Affiliates

Premium to Surplus Ratio

All Lines					
	(1)	(2)	(3)	(4)	(5) = (3) / [(1) + (2) + (4)]
Calendar Year	Mean Net Loss and LAE Reserve	Mean Net Unearned Premium Reserve	Mean Surplus	Net Earned Premium	Surplus Ratio
2014	\$301,413,067	\$133,060,492	\$560,230,670	\$237,336,763	83.4%
2015	\$316,259,089	\$143,513,049	\$585,777,237	\$260,459,790	81.3%
2016	\$323,227,518	\$151,101,705	\$617,929,288	\$277,410,809	82.2%
2017	\$330,571,265	\$160,553,497	\$737,243,940	\$296,233,049	93.6%
2018	\$337,039,450	\$172,151,697	\$774,752,925	\$317,497,701	93.7%
Other Liability - Occurrence					
	(6)	(7)	(8)	(9)	(10) = (5) x [(6)+(7)+(8)]
Calendar Year	Mean Net Loss and LAE Reserve	Mean Net Unearned Premium Reserve	Net Earned Premium	Net Written Premium	Allocated Surplus
2014	\$187,268,317	\$58,131,904	\$112,731,856	\$120,055,073	\$298,650,626
2015	\$205,497,153	\$64,166,307	\$125,721,068	\$130,466,657	\$321,573,158
2016	\$229,056,412	\$68,544,574	\$135,949,335	\$139,960,281	\$356,377,777
2017	\$243,506,122	\$73,375,567	\$145,310,776	\$150,961,815	\$432,774,767
2018	\$241,928,906	\$79,489,286	\$157,098,228	\$163,674,626	\$448,454,091
5 year Total					38.3%
Latest 3 Yrs Total					36.9%

Selected **38.3%** PS

Datasource:

- (1), (6) Underwriting and Investment Exhibit Part 2A; Page 10, Column 8 and 9 (average of current and prior year)
 (2), (7) Underwriting and Investment Exhibit Part 1A; Page 7, Column 5 (Average of current and prior year)
 (3) Statement of Income; Page 4, Column 1, Line 39 (Average of current and prior year)
 (4), (8) Underwriting and Investment Exhibit Part 1; Page 6, Column 4
 (9) Underwriting and Investment Exhibit Part 1; Page 6, Column 1

The information provided is from the Combined Annual Statement for USLIC, MVFIC, USUIC, MVSIC, and RSIC companies.

United States Liability Insurance Group
Commercial Umbrella
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District of Columbia



~~UNITED STATES LIABILITY INSURANCE GROUP~~

~~A BERKSHIRE HATHAWAY COMPANY~~

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~~Commercial Umbrella Filing~~

~~District of Columbia~~

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I. **General Rules**

1. Term

- A. All policies will be quoted on an annual basis
- B. Short term will be considered at applicant's request or in order to obtain concurrency

2. Eligibility

A. **Hazard Group**

- Commercial Liability Eligibility Index – Excess - assigns a Hazard Group to each class of either 0, 1, 2 or 3
- The Hazard Group will determine issues such as Maximum Limits, Rating Factor to be applied and Minimum Premiums.
- The company has the ability to change the assignment of a risk within the Hazard groups.

B. **Line of Coverage**

a. General Liability

- Refer to the Commercial Liability Eligibility Index - Excess to determine acceptability. For rating and classification purposes only the classification that derives the largest amount of premium from the underlying should be used.
- The column marked **Eligibility** will display one of four categories indicating eligibility as follows:
 - ⇒ **"A" Acceptable:** Customers may quote these classifications on the web
 - ⇒ **"S" Submit:** These classifications may only be quoted by Home Office
 - ⇒ **"X" Ineligible:** These classifications cannot be considered
 - ⇒ **"PP" Premises Preferred** These classifications may only be quoted by Home Office.
 - ⇒ **"NPP" Non-Profit Premises Preferred**
 - ⇒ **"NP" Non-Profit (non-Businessowners)**
 - ⇒ **"NBP" Non-Profit Businessowners**
 - ⇒ *or other eligibility labels as may be later developed*
- All Eligibility Criteria should be followed

b. Automobile Liability

- Private Passenger Vehicles (PPTs)
- Light Trucks (GVW up to 10,000)
- Medium Trucks (GVW 10,001 to 20,000)

c. Employer's Liability

d. Liquor Liability

e. Professional Liability (Occurrence)

f. Claims Made - Management Professional Liability

- ~~Coverage must be provided by a United States Liability Insurance Group company~~

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II. Limits of Liability

1. Attachment Point

- A. Employers Liability - \$500,000 (- minimum primary limits are \$500/\$500/\$500)
- B. All Other Coverages - \$1,000,000

2. Maximum Limits

- A. \$5,000,000

III. Rating

1. 1st Million Premium

- All factors are applied to the actual or manual Underlying Premium or an estimated equivalent premium for the applicable attachment point

A. General Liability

Underlying Liability Limit	<u>Hazard Group 0</u>		Hazard Group 1		Hazard Group 2		Hazard Group 3	
	<u>OL&T</u>	<u>M&C</u>	OL&T	M&C	OL&T	M&C	OL&T	M&C
\$1,000,000 / \$1,000,000	<u>.13</u>	<u>.19</u>	0.14	0.20	0.21	0.30	0.28	0.40
\$1,000,000 / \$2,000,000	<u>.11</u>	<u>.16</u>	0.12	0.17	0.18	0.25	0.24	0.33
\$1,000,000 / \$3,000,000	<u>.09</u>	<u>.12</u>	0.10	0.13	0.15	0.20	0.20	0.27
\$2,000,000 / \$2,000,000	<u>.08</u>	<u>.11</u>	0.09	0.12	0.13	0.18	0.17	0.24
\$2,000,000 / \$3,000,000	<u>.07</u>	<u>.10</u>	0.08	0.11	0.12	0.17	0.16	0.23
\$2,000,000 / \$4,000,000	<u>.06</u>	<u>.09</u>	0.07	0.10	0.11	0.16	0.15	0.21

B. Automobile Liability

Type	Secondary Factor	Percentage of UL	MP per unit
PPT	1.00	18%	\$50 to \$250
Light	1.00	18%	\$50 to \$250
Medium	1.25	20%	\$150 to \$500
Hired/Non-owned	1.00	15%	\$0 to \$150

- However the above rates shall not apply for the following risk characteristics:
 - More than 10 total units
 - Livery
 - Tow Trucks
 - Accounts with an incurred loss of more than \$250,000
- For attachment points other than \$1M CSL, apply the following Limit Factor:

\$1M/\$1M/\$100	1.25
\$1M/\$1M/\$1M	.90
\$1.5M CSL	.33

C. Employer's Liability

- If underlying coverage is scheduled, excess Employers Liability is included without charge

D. Liquor Liability

Primary Liquor Liability Limit	Retail/Wholesale Liquor Sales	Restaurants	Bars and Taverns
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\$1,000,000 / \$1,000,000	0.25	0.28
\$1,000,000 / \$2,000,000	0.23	0.25
\$1,000,000 / \$3,000,000	0.21	0.23

E. Professional Liability - Occurrence

- Must be provided by the Underlying policy on an Occurrence basis

Limits of Liability	Factor
\$1,000,000 / Included	.20
\$1,000,000 / \$1,000,000	.15
\$1,000,000 / \$2,000,000	.13
\$2,000,000 / Included	.12
\$2,000,000 / \$2,000,000	.10

F. Professional and Management Liability Claims -Made Professional Liability

- Community Associations and Shared Limit Non Profit Management Liability

Directors & Officers/Employment Practices Liability Each Claim	Factor
\$1,000,000	.16
\$2,000,000	.14
\$3,000,000	.12
\$4,000,000	.10
\$5,000,000	.08

- ~~All other Classifications~~ Separate Limit Non Profit Management Liability

Directors & Officers Limit	Employment Practices Liability Limit	Factor
\$1,000,000	<u>If covered, up to \$1,000,000</u>	.15
\$2,000,000	<u>If covered, up to \$2,000,000</u>	.12
\$3,000,000	<u>If covered, up to \$3,000,000</u>	.10
\$4,000,000	<u>If covered, up to \$4,000,000</u>	.08
\$5,000,000	<u>If covered, up to \$5,000,000</u>	.06
\$1,000,000	Not Covered	.13
\$2,000,000	Not Covered	.11
\$3,000,000	Not Covered	.09
\$4,000,000	Not Covered	.07
\$5,000,000	Not Covered	.05

Professional Claims-Made Errors & Omissions

\$1,000,000	.16
\$2,000,000	.14
\$3,000,000	.12
\$4,000,000	.10
\$5,000,000	.08

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G. Terrorism

The higher of \$100 minimum premium or 10% of the annual policy period.

2. Increased Limits Factors

- A. For calculation of Increased Limits, apply the corresponding factor to the generated premium for the first layer
- B. The calculation should be made for each layer leading up to the requested limits and added together

➤ Increased Limits Factors

<u>Layer</u>	<u>Factor</u>
\$2,000,000	.30 to .50
\$3,000,000	.20 to .40
\$4,000,000	.15 to .30
\$5,000,000	.10 to .20

3. Short Term rules

- A. The final premium should be pro-rated subject to the following minimum premiums per million:

\$250

IV. Minimum Premiums per million dollar layer

<u>Layer</u>	<u>Hazard Group 0</u>	<u>Hazard Group 1</u>	<u>Hazard Group 2</u>	<u>Hazard Group 3</u>
Each \$1,000,000	<u>\$355</u>	\$500	\$500	\$1,000

V. Self-Insured Retention

➤ Our policy does not have a Self-Insured Retention

VI. Rules Governing Authorized Agents

1. Policy Fee

Our Authorized Agents will be able to charge a policy fee on each Commercial Umbrella policy not to exceed \$150.